

**QUONSET DEVELOPMENT CORPORATION
MEETING OF BOARD OF DIRECTORS**

**PUBLIC SESSION
MINUTES**

July 18, 2005

A meeting of the Board of Directors of the Quonset Development Corporation (the “Corporation”) was held at 5:00 p.m. on Monday, July 18, 2005 at the offices of the Corporation located at 30 Enterprise Drive, North Kingstown, Rhode Island, pursuant to notice to all members of the Board of Directors and a public notice of the meeting as required by the Bylaws of the Corporation and applicable Rhode Island law.

The following directors constituting a quorum were present and participated throughout the meeting as indicated: Robert Crowley, Kas R. DeCarvalho, David A. Doern, Thomas Hazlehurst, Barbara Jackson, Michael E. McMahon, Anthony F. Miccolis, Jr., John A. Patterson, Sav Rebecchi, M. Paul Sams and John G. Simpson. Mr. Miccolis joined the meeting at 5:06 p.m. and Mr. Sams joined the meeting at 5:07 p.m.

1. CALL TO ORDER

The meeting was called to order at 5:00 p.m. by Chairman McMahon.

2. APPROVAL OF MINUTES

Upon motion duly made by Mr. Crowley and seconded by Mr. Hazlehurst, the Board:

VOTED: To approve the minutes of the meeting of June 20, 2005 as submitted to the Board of Directors.

Voting in favor were: Mr. Crowley, Mr. Doern, Mr. Hazlehurst, Ms. Jackson, Mr. Patterson, Mr. Rebecchi, Mr. DeCarvalho and Mr. Simpson.

Voting against were: none.

Unanimously Approved.

Mr. Patterson noted that issues related to the Municipal Services Agreement would be discussed by Mr. Parks, the Town Solicitor, and Mr. Batty, the Corporation's counsel. Mr. Patterson also noted that the CB Richard Ellis Activity Report dated July 18, 2005 appeared to contain the SWOT analysis from March.

3. STAFF REPORTS

A. Operations.

Jack Sprengel, Director of Operations, provided a port security update and indicated that as of July 30, 2005, the surveillance cameras and security lighting in company with the requirements of the Coast Guard have been completed.

Mr. Miccolis joined the meeting at 5:06 p.m.

B. Real Estate Sales/Marketing.

Evan Matthews, Director of Real Estate Development, indicated that the last three (3) pages of the SWOT Report should not have been included in the Director's package, since those pages did not include any additional information. Mr. Matthews reviewed the CB Richard Ellis Activity Report dated July 18, 2005, copies of which were provided to members of the Board.

Mr. Sams joined the meeting at 5:07 p.m.

Mr. Doern noted that it would be helpful if the marketing reports could reflect the magnitude of the market interest and the nature of the potential users for the Quonset Business Park. He noted that the

Board needs a better sense of what the market is.

Mr. Lavallee said that CB Richard Ellis would provide a spread sheet indicating the strength of the market and types of users interested in the Quonset facilities.

Mr. DeCarvalho indicated that he would like to see a more inclusive list of prospective users including a list of entities looking to expand or locate facilities in New England.

Mr. Matthews reported that there had been nine (9) responses to the RFI with respect to the logistics facility and he anticipated that all nine (9) respondents would be invited to participate in the next round of review.

Mr. Matthews also reported that a Memorandum of Understanding had been agreed to between Quonset Development Corporation and New Boston Development Partners regarding the Gateway proposal. In addition, the Rhode Island Airport Corporation's Master Plan reflects that approximately thirty (30) acres on the north side of the airport will be available for limited development.

C. Finance Report.

Kevin Barry provided the financial report and noted that work was

continuing on the budget which should be available for the August meeting.

D. Tenant Relations.

Karen LaChance, Director - Asset Management, Finance and Administration, reported that Starkweather & Shepley, Inc. had completed an insurance review and that insurance premiums for the coming year will be approximately \$408,000 which is a 1.7% decrease from the prior year. Ms. LaChance also noted that the Corporation has directors and officers insurance with a \$10,000,000 limit.

In accordance with the Administrative Procedures Act, public notice regarding the Development Review Regulations and the Port of Davisville Tariff will be published next week and it is anticipated that the Regulations and Tariff will be presented to the Board for final approval at the September Board Meeting.

E. Managing Director's Report.

Mr. Grout reported that effective August 1, 2005, Steve King will assume the position of Chief Operating Officer and that the Corporation had hired a new Director of Finance, Mary Lake.

Mr. Grout noted that he had discussed with representatives of the Department of Administration, the relocation of the State Police

Headquarters to Quonset/Davisville, however, there are issues regarding access to Route 95 South that are a negative from the State Police's point of view.

Mr. Grout also reported that with respect to committee meetings, all committees will comply with the State Open Meeting Law. Mr. Batty provided a Memorandum to Members of the Board addressing the applicability of the Open Meeting Law to Committee Meetings. Mr. Patterson noted that it would be appropriate to post the public notice of the Committee Meetings on the Corporation's website as well as file the public notice with the Secretary of State's Office.

4. APPROVAL REQUESTS

A. Concept Warehouse Amendment of Current Lease.

Ms. LaChance reviewed the transaction approval which had been submitted to the Board. Concept Warehouse currently leases two (2) buildings in which it operates a public warehouse distribution facility.

The current term of the Lease expires February 28, 2007, however, due to financial constraints the tenant is requesting a two (2) phase early termination. Effective July 31, 2005, the Company will vacate Building 484 and effective December 31, 2005, the Company will vacate Building 483. The terms of the Lease requires that the Company perform roof repairs and maintenance as well as activation of the fire suppression system and loading dock and platform repairs.

All repairs were completed by the tenant. Mr. Crowley inquired as to whether the tenant is current on their rent. Mr. Barry responded that the tenant is current on their rent under a payment plan which will continue through February, 2006. Mr. Grout noted that the buildings are scheduled for demolition, and therefore, it is unlikely that the Corporation will perform any major repairs on the buildings. Mr. DeCarvalho inquired as to whether there was anything more that the Corporation could do in order to collect the rents. Mr. Grout noted that the current payment plan is the best that could be negotiated under the circumstances.

Upon motion duly made by Mr. Crowley and seconded by Mr. Doern, the Board:

VOTED: To approve the early termination of the lease effecting Building 484 (July 31, 2005) and Building 483 (December 31, 2005) in accordance with the terms of the transaction approval submitted to the Board.

Voting in favor were: Mr. Crowley, Mr. DeCarvalho, Mr. Doern, Mr. Hazlehurst, Ms. Jackson, Mr. Miccolis, Mr. Patterson, Mr. Rebecchi, Mr. Sams and Mr. Simpson.

Voting against were: none.

Unanimously Approved.

A. Lease for Rhode Island Portable Storage d/b/a PODS.

Mr. Matthews reviewed the transaction approval for the Rhode Island Portable Storage Lease. The Lease covers Building E-319, Bay C (41,174 sq. ft.) and office space (244 sq. ft.). The intended use is the storage of portable containers and the term will be on a month to month basis but will require six (6) months prior notice of termination. The base rent is \$124,822.00 annually with increases of .25¢ per square foot semi-annually. The Lease will require a personal guarantee from the company's principal, Timothy Greene. The Lease term will commence July 1, 2005. Mr. Crowley inquired as to what due diligence had been done with respect to the financials of the Company and Mr. Greene. Mr. Matthews indicated that he would obtain copies of appropriate financial reports. Mr. Miccolis inquired as to why it was indicated that it was a month to month Lease when it required a six (6) month termination notice. Mr. Grout responded that although the tenant would like a longer term Lease, the building may be demolished, and therefore, the Corporation wanted to reserve the right to terminate the Lease on not less than six (6) months' notice.

Upon motion duly made by Mr. Miccolis and seconded by Mr. Crowley, the Board:

VOTED: To approve the Lease with Rhode island Portable Storage for Building E-319, Bay C and related office space on a month to month

basis but requiring six (6) months' prior notice of termination and with an annual base rent of \$124,822.00 with six (6) months escalations at .25¢ per square foot and in accordance with the transaction approval.

Voting in favor were: Mr. Crowley, Mr. DeCarvalho, Mr. Doern, Mr. Hazlehurst, Ms. Jackson, Mr. Miccolis, Mr. Patterson, Mr. Rebecchi, Mr. Sams and Mr. Simpson.

Voting against were: none.

Unanimously Approved.

5. MOTION TO ADJOURN TO EXECUTIVE SESSION

Upon motion duly made by Mr. Sams and seconded by Mr. Miccolis, the Board:

VOTED: To adjourn to its Executive Session for a status report on the Gateway Project pursuant to Subsection (5) (Acquisition or Lease of Real Estate for Public Purposes or Disposition of Publicly held Property), Subsection (6) (Location of Prospective Businesses in Rhode Island), and Subsection (7) (Investment of Public Funds) of the Rhode Island General Laws Section 42-46-5(a) (the "Open Meeting Law").

Voting in favor were: Mr. Crowley, Mr. DeCarvalho, Mr. Doern, Mr. Hazlehurst, Ms. Jackson, Mr. Miccolis, Mr. Patterson, Mr. Rebecchi, Mr. Sams and Mr. Simpson.

Voting against were: none.

Unanimously Approved.

The meeting was adjourned to Executive Session at 5:45 p.m.

The meeting reconvened to meet in Public Session at 6:10 p.m.

VOTED: To maintain the minutes of the Executive Session as closed.

Upon motion duly made by Mr. Miccolis and seconded by Mr. Doern, the Board:

VOTED: Pursuant to §42-46-4 and §42-46-5 of the General Laws, the minutes of this Executive Session shall not be made available to the public at the next regular scheduled meeting of the Corporation because such disclosure would adversely impact ongoing negotiations.

Voting in favor were: Mr. Crowley, Mr. DeCarvalho, Mr. Doern, Mr. Hazlehurst, Ms. Jackson, Mr. Miccolis, Mr. Patterson, Mr. Rebecchi,

Mr. Sams and Mr. Simpson.

Voting against were: none.

Unanimously Approved.

There being no further business to come before the meeting, upon motion duly made by Mr. Miccolis and seconded by Mr. Crowley, the meeting was adjourned at 6:12 p.m.

Respectfully submitted by:

By:

E. Jerome Batty, Secretary